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THIRD EDITION

1144

redecorate

red osier

red fox  
*Vulpes fulva*

redingote

2. *Archaic*. A narration. [ME *reden* < OE *rædan*. See *ar-*.]  
**re·dec·o·rate** (rē-dēk'ə-rāt') *v.* -rat·ed, -rat·ing, -rates.  
 -*tr.* To change the appearance or furnishings of; refurbish.  
 -*intr.* To change a decorative scheme. — **re·dec'ō-ra'tion**  
*n.* — **re·dec'ō-ra'tor** *n.*

**re·deem** (rī-dēm') *tr.v.* -deemed, -deem·ing, -deems. 1. To recover ownership of by paying a specified sum. 2. To pay off (a promissory note, for example). 3. To turn in (coupons, for example) and receive something in exchange. 4. To fulfill (a pledge, for example). 5. To convert into cash: *redeem stocks*. 6. To set free; rescue or ransom. 7. To save from a state of sinfulness and its consequences. 8. To make up for; compensate for. 9. To restore the honor, worth, or reputation of. [ME *redemen* < OFr. *redimer* < Lat. *redimere* : *re-*, *red-*, *re-* + *emere*, to buy; see *em-*.] — **re·deem'a·ble** *adj.*  
**re·deem·er** (rī-dēm'ər) *n.* 1. One who redeems. 2. Redeemer. Jesus.

**red eft** *n.* The bright red terrestrial stage in the life cycle of the newt (*Notophthalmus viridescens*) of the eastern United States.

**re·de·liv·er** (rē-dī-liv'ər) *tr.v.* -ered, -er·ing, -ers. 1. To deliver again. 2. To deliver in return; give back.

**re·demp·tion** (rī-dēmp'shən) *n.* 1. The act of redeeming or the condition of having been redeemed. 2. Recovery of something pawned or mortgaged. 3. The payment of an obligation, as a government's payment of the value of its bonds. 4. Deliverance upon payment of ransom; rescue. 5. *Theol.* Salvation from sin through Jesus's sacrifice. [ME *redempcioun* < OFr. *redemption* < Lat. *redemptio*, *redemptiō* < *redēptus*, p.part. of *redimere*, to redeem. See *REDEEM*.] — **re·demp'tion·al**, **re·demp'tive**, **re·demp'to·ry** (-rā-rē) *adj.*

**re·demp·tion·er** (rī-dēmp'shə-nər) *n.* A colonial emigrant from Europe to America who paid for the voyage by serving for a specified period as a bondservant.

**Re·demp·tor·ist** (rī-dēmp'tər-ist) *n.* A member of the Congregation of the Most Holy Redeemer, a Roman Catholic order founded in 1732 by Saint Alphonsus Liguori (1696–1787). [Fr. *redemptoriste* < LLat. *redemptor*, redeemer < Lat., contractor < *redimere*, to buy back. See *REDEEM*.]

**re·de·ploy** (rē-dī-ploi') *tr.v.* -ployed, -play·ing, -plays. 1. To move (military forces) from one combat zone to another. 2. To shift (something) from one place or use to another for greater effectiveness. — **re·de·ploy'ment** *n.*

**re·de·sign** (rē-dī-zīn') *tr.v.* -signed, -sign·ing, -signs. To revise the appearance or function of. — **re·de·sign'** *n.*

**re·de·vel·op** (rē-dī-vēl'əp) *v.* -oped, -op·ing, -ops. — *tr.* 1. To develop (something) again. 2. To tone or intensify (a photographic print, for example) by a second developing process. 3. To restore (buildings or neighborhoods, for example) to a better condition. — *intr.* To develop again. — **re·de·vel'op·er** *n.* — **re·de·vel'op·ment** *n.*

**red·eye** (rēd'ī) *n.* 1. *Informal*. A danger signal on a railroad. 2. *Slang*. A late-night or overnight flight. 3. Any of several fishes with red eyes. 4. *Slang*. Inferior whiskey.

**red-eye gravy** *n.* Gravy made from the juices of a cooked ham.

**red-faced** (rēd'fāst') *adj.* Embarrassed.

**red fir** *n.* 1. An evergreen tree (*Abies magnifica*) of California and Oregon having reddish wood valued as timber. 2. The wood of this tree.

**red fire** *n.* Any of various combustible compounds, esp. salts of lithium or strontium, that burn bright red and are used in flares and fireworks.

**red·fish** (rēd'fīsh') *n., pl.* redfish or -fish·es. Any of several fishes that are reddish in color, as the red drum.

**red fox** *n.* A fox of the genus *Vulpes*, characteristically having reddish fur.

**red giant** *n.* A star of great size and brightness that has a relatively low surface temperature.

**red grouse** *n.* A grouse (*Lagopus lagopus* subsp. *scoticus*) of the British Isles that has chestnut plumage.

**Red Guard** *n.* 1. A member of a Maoist youth movement in China, prominent during the Chinese Cultural Revolution of the late 1960's. 2. A member of a radical political group with Maoist leanings. [Transl. of Chin. (Mandarin) *hóng wēi bīng* : *hóng*, red + *wēi bīng*, guard.]

**red gum** *n.* Any of several Australian evergreen trees of the genus *Eucalyptus*, having lance-shaped aromatic leaves.

**red gum** *n.* See *strophulus*.

**red-hand·ed** (rēd'hān'did) *adv. & adj.* In the act of doing wrong. — **red'hand'ed·ly** *adv.*

**red-hot** (rēd'hōt') *adj.* 1. Glowing with excitement, anger, or enthusiasm. — *red-hot information.* — *n.* 1. See *round red candy* strongly flavored.

**re·di·a** (rē-dē-ə) *n., pl.* -di-ae (-dē-ə) *n.* 1. See *axodes* that is produced within the rise to additional rediae or to Francesco *Redi* (1626–97), Italian.

**re·did** (rē-did') *v.* P.t. of *redo*.

**re·dif·fer·en·ti·a·tion** (rē'dif-ə-prəss by which a group of once their original specialized form.

**red·in·gote** (rēd'ing-gōt') *n.* 1. A topcoat with full skirt. 2. A woman or dress open down the front to [Fr., alteration of E. *riding coat*.]

**red ink** *n.* 1. A financial loss in business showing a fiscal deficit. [< the us. and losses in financial records.]

**red·in·te·gra·tion** (rēd-in'tē-grā-tyōn) *n.* 1. A reintegration of a particular state (recurrence of one of the element experience. [ME *redintegraciō* < *redintegrātiō* < *redintegrātiō*, make whole again : *re-*, *red-*, *re-*, *integrare*.] — **red·in'te·gra'tive** *adj.*

**re·di·rect** (rē-dī-rēkt', -dī-) *tr.v.* To change the direction or course.

**Law**. A redirect examination. — **redirect examination** *n.* *Law*. Follow-up after cross-examination, called the witness.

**re·dis·count** (rē-dīs'kount') *tr.* -counts. To discount again. — *n.* 2. Commercial paper that is discounted in the plural.

**re·dis·tri·bu·tion** (rē-dīs-trī-byū·shən) *n.* 1. A process of redistributing. 2. An act that advocates reducing inequality of wealth. — **re'dis·tri·bu'tion·is** *n.* 1. The red-colored light. 2. *Informal*. A command to stop.

**Red Jack-et** (jāk'it). 1756?–1833. A peace with the U.S. while the soldiers.

**Red-lands** (rēd'lənz). A city of Valley. Pop. 60,394.

**red lead** (lēd) *n.* A poisonous pigment in paints, glass, pottery, and paint.

**red·let·ter** (rēd'let'ər) *adj.* Men the holy days in church calendar.

**red light** *n.* 1. The red-colored light. 2. *Informal*. A command to stop.

**red-light district** (rēd'lit') *n.* A many brothels.

**red·line** (rēd'lin') *v.* -lined, -lin·ing. To home mortgages or home insurance deemed poor financial risk against by refusing to grant loans.

2. To remove from operational status defects or the need for schedule.

**red maple** *n.* A medium-sized tree (*Acer rubrum*) having reddish twigs.

**red meat** *n.* Meat, esp. beef, that is red when cooked.

**Red-mond** (rēd'mənd). A city of Seattle E of Lake Washington. Pop. 10,000.

**red mulberry** *n.* A deciduous tree (*Morus rubra*) having irregular fleshy, red to purple multiple fruit.

**red mullet** *n.* See *goatfish*.

**red·neck** (rēd'nek') *n.* *Offensive* aging term for a member of the white in the southern United States. 2. A provincial, conservative, or

**re·do** (rē-dō) *tr.v.* -did (-dīd'), -does (-dūz'). 1. To do over again.

**red oak** *n.* Either of two eastern trees (*Quercus rubra* or *Q. falcata*) and a saucer-shaped cup enclosed within a

red oak. A form of hemlock.

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# COMPUTER BITS

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March 2000

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## Deals on the 'Net

*Marketing schemes, coupon codes, and why they matter to you ... by Daniel Khoo*

Looks like Amazon.com posted another quarter of losses. Unless you're ebay or Yahoo, it's impressive if your online corporation even makes a profit. And those two aren't even Web retailers. Internet companies have huge market capitalizations and plenty of cash. You've got to wonder: Where's all this money going? Marketing, marketing, marketing. It's all about getting people to your site.

With 850 million Web pages out there, how are online companies drawing people to their sites? By pouring millions into their marketing budgets. Maybe some of you saw the Super Bowl, where Internet companies posted a 280% increase in presence over last year, from just six dot.com companies to 17. At \$2.2 million for a 30 second spot, these commercials weren't cheap. But besides the traditional media outlets, companies are turning to the Internet itself as a focus of their marketing efforts.

### The Lure: Coupons

In order to entice people to visit their site, retailers offer coupons in the form of coupon codes. We're basically talking about an electronic coupon that's used just like a traditional one, usually made up of several digits and/or letters. The user browses the retailer's site, enters the coupon code some time during the checkout process, and receives his or her discount.

With millions invested in venture capital and a significant fraction of their budgets devoted to marketing costs, retailers write off the losses from the use of these coupons as a marketing expense. And the incentives can be fantastic: \$30 off any purchase of \$30 or more, or \$75 off purchases of \$100 or more. All this to draw surfers to their sites.

Many retailers use coupons as a part of their marketing strategy, though some more judiciously than others. \$10 off coupons are often available from the likes of Barnesandnoble.com and CDNow.com. Since they're established and have significant market recognition, they accordingly offer minimal coupon discounts. Upstart companies might need to offer more eye-catching deals, often with savings of 50% or more. But how effective are they?

The numbers are impressive; while the redemption rate for traditional coupons in the U.S. is between 1-5% (and declining), for online coupons the rate hovers around 90%. Looks like a success for retailers. But there's more to this than meets the eye.

### Multiplying Redemption Rates

The redemption rate assumes a coupon can only be redeemed by one person. That is, the maximum redemption rate is 100%. However, with electronic coupons, this isn't necessarily true, since many are redeemed by those the coupon wasn't intended for. For instance, a retailer sends a coupon code to 10 of its customers, you being one of them. You might forward the email to 10 of your friends, who in turn forward it to 10 of their friends. If everyone takes advantage of the deal, the redemption rate is 300%.

There's a snowball effect that just doesn't happen with traditional coupons. There are even Web sites devoted to finding and posting these coupons, like <http://www.dealitup.com>, <http://www.dotdeals.com>, and <http://www.dealnews.com>. Some even have forums where deals can be shared among users.

Because online coupon codes can quickly and easily be distributed to others, electronic coupon redemption rates simply cannot be compared to those of traditional coupons. Which brings up another issue: Is it wrong for coupons to be redeemed by people they weren't intended for? Traditional coupons are used to bring customers into the store. If the goal of online coupons is the same, then coupons, regardless of who they attract, are still bringing in traffic. And the bottom line for retailers running promotions is hits, because hits translate into potential sales.

If retailers are so concerned with only certain people redeeming a coupon, they could do many things to limit its use. They could give out unique codes to specific users that are only redeemable once. Or they could check the redeemers of a code with a list of people authorized to use them.

### Friends Share Profiles, Too

But there are few reasons to do this. If the coupon was given to a targeted person, there's a good chance they would pass it on to someone demographically similar to them and therefore fitting the same target profile advertisers want. In fact, the concept of using customers to refer others is a powerful marketing scheme used by retailers. Amazon.com runs a promotion where referring a friend to their site gets you and your friend a \$5 credit.

And the general consensus seems to favor the free distribution of promotions. Caleb Wilson of Dealitup.com notes, "We realized we had a valuable service on our hands when we found that over 90% of people have no problem passing a coupon to a colleague or friend."

The bottom line is, coupons are a promotional device. The seller is taking a short-term loss in order to promote their site. Hits mean everything, and these promotions, regardless of who uses them, bring hits. As a marketing instrument, a coupon code is an incredibly powerful way for retailers to get people to their site, since its distribution to only one person can potentially generate an incredible amount of traffic. Keep your eyes peeled and your ears open, so you can get in on the latest deal.

But who knows? Someday, for some reason, the marketing strategies of retailers might change. The use of codes may be tightly regulated. But until then, happy bargain hunting!

## **VALASSIS COMMUNICATIONS RESEARCH REPORT MULTI-COUPON ADS & MULTIPLE PURCHASE COUPONS**

[ Previous | Back to Index ]

While the use of multiple coupons in a single ad or coupons good on multiple products may save media dollars in the short-term, they make it more difficult for manufacturers to meet sales & marketing objectives for specific brands. Retailers may also find it difficult to plan for "out-of-stock" situations when single coupons can be redeemed on many different products.

While hard research on response to multiple purchase or universal coupons from syndicated sources is limited, the following research data from CMS, Inc. gives direction on the effect of multiple coupons in single ads.

### **Effect on Redemption Rates**

While manufacturers seek to cut costs and improve efficiency by placing multiple coupons in a single FSI ad, recent CMS, Inc. research shows that higher redemption rates are achieved when there is only one coupon per ad. This is the case for ads with food or non-food products.

When consumers must choose between multiple coupons, the coupons become mutually exclusive, thus driving redemption rates down.

With one coupon per ad, the redemption rate is 1.6% for the ad, on average (food/non-food products). This rate falls to 1.1% when multiple coupons are present in one ad.

	1 Coupon	2 Coupons	3+ Coupons
All Products	1.6%	1.1%	.9-1.1%
Food Products	1.8%	1.3%	1.3-1.7%*
Non-Food Products	1.3%	.9%	.6-.8%

\*1.7% reflects coupons with 5 coupons or more - small sample of offers used to calculate average. Coupons studied were delivered full page, half page, etc. ad sizes.

Low redemption rates may be due to a greater number of offers competing for the reader's attention.

### **Risks for Misredemption - Multiple Purchase/Universal Coupons**

While multiple-purchase coupons are good for moving

Why Use FSI's? - Multi-Coupon Ads & Multiple Purchase Options

Page 2 of 2

additional product (across multiple brands), they are also more susceptible to consumer malredemption -- meaning a mistake by the consumer such as not purchasing the correct number or type of products required by the coupon.

The Joint Industry Coupon Council notes that these coupons are hard to handle for retailers and are almost twice as likely to be malredeemed.

Source: CMS, Inc., "The 1997 Coupon Fact Book" & "Advantage Update, 1997."

[Back to top of page](#)

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## Test Marketing & Marketing Response Modeling

### AccuRate Coupon Pre-Testing\*

A proven method to forecast future coupon strategies for success by improving effectiveness and efficiency.

#### The Problem

Marketers need an objective, and cost-effective way to pre-test coupon promotions on more than just redemption rates.

The real issues are incremental volume, payout and trial generation. Marketers also need to limit financial and competitive exposure, and don't want to wait over six months for redemptions to be processed through the redemption center.

#### The Solution

AccuRate from PDI is a proven coupon pre-testing system based on simulation techniques widely used in new product forecasting. Any number of experimental executions can be quickly and efficiently tested to assess cost efficiency, effectiveness at moving volume, and trial generation for long-term brand building. The alternatives to be tested can include: face value, purchase requirements, package size/location, solo vs. multiple brand executions, and differences in creative approach.

#### The Execution

In the AccuRate System, an FSI mock-up booklet is mailed to matched consumer panels with a questionnaire on coupon usage and brand purchasing habits. Consumers are asked to rate each coupon and return the booklet and



completed questionnaire. Consumer intent-to-redeem scores are modeled, using coefficients established from hundreds of intent vs. actual comparisons, to forecast redemption rates. A brand-switching model is utilized to forecast incremental volume from redeemers.

#### Consumer Survey Inputs:

- Coupon usage history across all products
- Purchase experience with brand and category
- Intent to redeem each coupon in the "mock" booklet.

#### Calibration and Normative Data:

- Actual redemption rate for past event on the test brand
- An on-going validation process compares trends in overall intent scores to actual redemption rate trends. Specific validations of forecast to actual redemption rates are conducted periodic

#### The Results:

AccuRate is not only the end result of specific test information. It is also a result of a vast historical database used to verify results and allow consideration of special circumstances, such as seasonality and expiration dates.

PDI's AccuRate results enable marketers to select the appropriate execution to meet their objectives. Redemption rates, incremental volume, trial generation and financial productivity are the major decision elements for selecting the best execution to meet either short-term payout goals or long-term franchise building.

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Page 3 of 3

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PDI - Services - AccuRate(TM) Coupon Pre-Testing

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CDXPDC  
Nov. 1You have **30 seconds** to research a company.Enter company name 

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## CyberAtlas

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### Coupons and Gift Certificates Adapting to Life Online

By Michael Pastore

Coupons and gift certificates, two old standbys of offline retailing, are making the adjustment to an e-commerce world. A pair of surveys look at how the transition is going.

According to a survey by The NPD Group, Inc., grocery and health purchasing remains a key usage of electronic coupons (or e-coupons, those coupons obtained on the Web), as well as traditional coupons, other uses indicate additional opportunities for e-coupon distributors.

NPD's study also highlighted areas that appear to be of increasing importance to e-coupon use: categories associated with e-commerce, such as toys, books, and music, are among the e-coupons most frequently redeemed through any channel.

The redemption locations (channels) for e-coupons differ depending on the category, NPD found. The e-commerce category coupons tend to be redeemed online more frequently than other coupon categories. Toy e-coupons posted the highest online redemption rate at 87 percent, followed by books at 83 percent. Fast food coupons obtained online claimed the highest retail redemption rate at 96 percent, with groceries close behind at 94 percent. Apparel and health products were split evenly between online and offline redemption of electronic coupons.

NPD's study also found that electronic coupons are growing in importance among coupon users. Based on a sample of Internet users who had used any kind of coupon in the last month, e-coupons represented 10 percent of their total coupon use in March 2000, up from 5 percent in October 1999. The number of e-coupon users has grown from 23 percent of all Internet users a year ago to 27 percent in the latest survey. This is off slightly from the 30 percent seen during the 1999 holiday shopping season.

The top e-coupon Web site remained Coolsavings.com, visited by 51 percent of all online coupon users, followed by Valupage.com at 48 percent and MyPoints.com at 30 percent.

"With minimal effort, online consumers are

Online Coupon Usage by Category	
Groceries	59%
Books	32%

pointing and clicking their way to savings simply by visiting online coupon distributors' sites," said Pamela Smith, NPD VP of online research.

"Consumers accustomed to using coupons and communicating via the Internet seem to have no trouble integrating the Internet into their searches for savings. The challenge to coupon distributors will be to reach those consumers who have not made coupons a regular part of their online or offline shopping experiences."

The number one reason cited by NPD respondents for not using their e-coupons was that they forgot to take the coupons when they made purchases, followed by "didn't find useful."

Health	30%
Music	26%
Beauty	17%
Fast Food	16%
Apparel	14%
Toys	14%
Other restaurants	13%
Electronics	13%

Respondents may list more than one category  
Source: NPD Group, Inc.

A survey of consumers participating in the BizRate.com Online Research Panel commissioned by CyberSource found that consumers have a strong preference for graphically rich gift certificates, just like those in the physical world. This is in direct contrast to the text-based e-mail format most commonly used for online gift certificates.

According to the survey, only 23 percent of respondents had purchased gift certificates online. Seventy percent of those who have never purchased a gift certificate online cited a low level of satisfaction with current online gift certificate offerings. Eighty-six percent of all online buyers believe that a graphically rich electronic or traditional paper gift certificate has greater gift-giving value than a text-based e-mail certificate. The study also indicates online businesses that provide consumers such high-quality certificates have a major impact on consumer buying decisions and site loyalty -- influencing where they will spend their gift dollars online.

*For an in-depth look at how e-coupons help eGrocer, read Ad Insight from Channelseven.com.*

May 31, 2000

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